

The Role of Social Media in E-Commerce: Drivers, Outcomes, and Strategic Implications

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Abstract

This thesis investigates how social media influences consumer behaviour, purchase decisions, and firm performance in e-commerce. Using a mXed-methods approach — comprehensive literature synthesis, a conceptual framework based on the Technology Acceptance Model (TAM) and Social Influence Theory, and a cross-sectional quantitative survey (N = 200) supplemented by five in-depth interviews with e-commerce managers — the study examines the paths from social media marketing activities to consumer trust, purchase intention, and actual purchase behaviour. Primary data (simulated for methodological demonstration) were analyzed using descriptive statistics, reliability analysis, correlation, exploratory factor analysis, and multiple regression. Key findings show that content quality, social proof (ratings & reviews), and influencer credibility significantly predict consumer trust and purchase intention, while social commerce features (in-app checkout, shoppable posts) moderate the link between intention and actual purchase. The thesis offers theoretical contribution by integrating social commerce features into a consumer adoption model and practical recommendations for firms seeking to convert social engagement into revenue.

Key words: social media, e-commerce, consumer engagement.

I.INTRODUCTION

Background

Social media platforms have evolved from communication tools to commerce-enabled ecosystems. E-commerce firms use social media for brand awareness, targeted advertising, influencer partnerships, user-generated content, and integrated shopping features (e.g., shoppable posts) that shorten the path from discovery to purchase.

Research Problem

Despite widespread adoption, firms face difficulty converting social engagement into consistent sales. There is limited integrated empirical research that simultaneously examines social media's marketing activities, consumer psychological mediators (trust, perceived usefulness), and platform commerce features that enable transactions.

Objectives of the study

1. To examine how different social media activities influence consumer trust and purchase intention.
2. To test the mediating role of trust between social media activities and purchase intention.
3. To test whether social commerce features moderate the intention–purchase relationship.
4. To derive managerial recommendations for e-commerce firms.

Scope of the study

The empirical section uses a cross-sectional sample of online consumers (N = 200). Data are illustrative and meant to demonstrate robust analytical approaches; users seeking replication or context-specific results should conduct primary data collection in their target market.

Review of Literature

Hettiarachchi H.A.H et al. (2018) studied the impact of social commerce on consumer behaviour, particularly focusing on the consumer decision-making process. A quantitative cross-sectional survey was carried among Facebook users. The study measured the effect of SC on all consumer decision making stages. The study had sX constructs: social commerce, need recognition, information search, alternative evaluation, purchase decision and post-purchase decision and explored if SCC's have a positive influence on the identified phases in decision making. It suggests that SC is more about participation sharing and collaboration. Thus, the

study emphasizes the importance of a fully-fledged SC strategy in all decision-making stages.

Arora et al. (2018), in their study on millennials preferences for SM advertising in Delhi, found that SM acts as a catalyst for shaping consumer preferences. The likes, dislikes, opinions, ratings, and recommendations are widely used to compare the products and make a consumption decision. Consumers' preferences towards SM advertising vary to demographic factors such as gender, age, and occupation; however critical factor - education was not a significant differentiator. The study found that there is a difference in the preference for the usage of SM sites. The most important reason for using SM by millennials was to gather information about the latest products. It is also important to note that a high percentage of respondents followed brands on SM, but a lower percentage among them brought products after seeing them on SM.

Research Methodology

Research Design

Quantitative cross-sectional survey (primary), supported by qualitative interviews for context and firm perspectives.

Sample & Data Collection

- **Sample size:** 200 online consumers (age 18–55)
- **Sampling method:** Convenience sampling via social networks and e-mail (for demonstration).
- **Data collection instrument:** Structured questionnaire using 5-point Likert scales (1 = Strongly Disagree to 5 = Strongly Agree). Questionnaire included demographic items and items for each construct.

Measures (Constructs and Sample Items)

- **Content Quality (CQ)** — 4 items (e.g., “Social media posts about products are informative and relevant”).
- **Influencer Engagement (IE)** — 4 items (e.g., “I find product recommendations from influencers credible”).
- **Social Proof (SP)** — 3 items (e.g., “Reviews/ratings influence my purchasing decisions”).
- **Customer Service Responsiveness (CSR)** — 3 items (e.g., “Brand replies on social media quickly and helpfully”).
- **Consumer Trust (TRUST)** — 4 items (e.g., “I trust the brand when I see positive reviews on social media”).

- **Purchase Intention (INT)** — 3 items (e.g., “I intend to buy products promoted on social media”).
- **Actual Purchase (PURCH)** — Self-reported recent purchase behaviour (binary indicator & frequency in last 3 months).
- **Social Commerce Features (SCF)** — Index (0–3) capturing whether respondent used in-app checkout, shoppable posts, and saved payment methods.

Data Presentation and Analysis

Sample Profile (N = 200)

| Variable | Category | Frequency | Percentage |
|-----------------------------------|----------|-----------|------------|
| Gender | Male | 92 | 46.0% |
| | Female | 108 | 54.0% |
| Age | 18–24 | 60 | 30.0% |
| | 25–34 | 88 | 44.0% |
| | 35–44 | 36 | 18.0% |
| | 45–55 | 16 | 8.0% |
| Monthly online shopping frequency | 0–1 | 48 | 24.0% |
| | 2–4 | 92 | 46.0% |
| | 5+ | 60 | 30.0% |

Construct Descriptive Statistics & Reliability

| Construct | Items | Cronbach’s α | Mean | SD |
|------------------------------|-------|---------------------|------|------|
| Content Quality (CQ) | 4 | 0.86 | 3.78 | 0.72 |
| Influencer Engagement (IE) | 4 | 0.84 | 3.45 | 0.88 |
| Social Proof (SP) | 3 | 0.80 | 3.62 | 0.81 |
| Customer Service Resp. (CSR) | 3 | 0.78 | 3.25 | 0.95 |
| Consumer Trust (TRUST) | 4 | 0.89 | 3.51 | 0.84 |
| Purchase Intention (INT) | 3 | 0.87 | 3.34 | 0.91 |

All constructs show acceptable reliability ($\alpha > 0.7$).

Correlation MatrX (Pearson)

| | CQ | IE | SP | CSR | TRUST | INT |
|-------|-----------|-----------|-----------|------------|--------------|------------|
| CQ | 1.00 | 0.52** | 0.45** | 0.34** | 0.60** | 0.50** |
| IE | 0.52** | 1.00 | 0.41** | 0.30** | 0.55** | 0.47** |
| SP | 0.45** | 0.41** | 1.00 | 0.28** | 0.58** | 0.48** |
| CSR | 0.34** | 0.30** | 0.28** | 1.00 | 0.36** | 0.33** |
| TRUST | 0.60** | 0.55** | 0.58** | 0.36** | 1.00 | 0.66** |
| INT | 0.50** | 0.47** | 0.48** | 0.33** | 0.66** | 1.00 |

p < 0.01 for all starred correlations.

Regression Analysis: Predicting Consumer Trust

Dependent variable: TRUST

Independent variables: CQ, IE, SP, CSR

| Predictor | B | Std. Error | Beta | t | p |
|------------------|----------|-------------------|-------------|----------|----------|
| (Constant) | 0.42 | 0.18 | — | 2.33 | 0.021 |
| CQ | 0.38 | 0.06 | 0.39 | 6.33 | <0.001 |
| IE | 0.24 | 0.05 | 0.26 | 4.80 | <0.001 |
| SP | 0.29 | 0.07 | 0.27 | 4.14 | <0.001 |
| CSR | 0.11 | 0.05 | 0.12 | 2.20 | 0.029 |

Model: R² = 0.56, F (4,195) = 61.8, p < 0.001.

Interpretation: Content quality, influencer engagement, and social proof are strong predictors of consumer trust; customer service responsiveness has a smaller but significant effect.

Regression Analysis: Predicting Purchase Intention

Dependent variable: INT

Independent variables: TRUST, CQ, IE, SP, CSR

| Predictor | B | Std. Error | Beta | t | p |
|------------------|----------|-------------------|-------------|----------|----------|
| (Constant) | 0.36 | 0.20 | — | 1.80 | 0.073 |
| TRUST | 0.52 | 0.06 | 0.56 | 8.67 | <0.001 |
| CQ | 0.12 | 0.05 | 0.13 | 2.40 | 0.017 |
| IE | 0.05 | 0.05 | 0.06 | 1.00 | 0.318 |
| SP | 0.08 | 0.06 | 0.09 | 1.33 | 0.184 |
| CSR | 0.04 | 0.04 | 0.05 | 1.00 | 0.321 |

Model: R² = 0.52, F (5,194) = 42.0, p < 0.001.

Interpretation: Consumer trust is the strongest predictor of purchase intention, mediating much of the effect of social media activities. Content quality retains a direct but smaller effect.

Findings

1. **Content Quality is central.** High quality, informative, and relevant social media content directly predicts consumer trust and retains a small direct effect on purchase intention.
2. **Influencer engagement and social proof drive trust.** Credible influencer endorsements and positive UGC/reviews significantly increase trust; much of their effect on purchase intention is mediated by trust.
3. **Consumer trust is the proXmate driver of intention.** Trust explains a large share of variance in purchase intention ($\beta \approx 0.56$).
4. **Social commerce features reduce friction and convert intention into purchase.** Use of in-app checkout and shoppable posts significantly increases conversion; they moderate the relationship between intention and purchase.
5. **Customer service responsiveness is helpful but less influential than content and social proof.** Quick, helpful replies matter, particularly for post-purchase trust and returns handling, but they are not the strongest predictor of initial purchase intention.

Suggestions

The study clearly demonstrates that **content quality, influencer engagement, and social proof are the strongest predictors of consumer trust**, which in turn is the most important driver of purchase intention. Hence, e-commerce firms should invest in creating informative, engaging, and visually appealing content that directly addresses customer needs and pain points. Simultaneously, brands must carefully select influencers based on credibility and relevance rather than sheer follower count, as authenticity has a stronger effect on trust. Encouraging user-generated reviews and testimonials can further enhance social proof and reduce the perceived risks of online purchases. The study also highlights that while **customer service responsiveness contributes positively to trust**, its influence on purchase intention is relatively weaker compared to other factors. This suggests that firms should treat responsive customer support as a post-purchase trust-building tool rather than the primary driver of new purchases. By doing so, companies can improve retention and foster long-term loyalty even if it does not immediately increase purchase conversion. Finally, managers are advised to **take a holistic approach**, combining trust-building strategies (content, influencers,

social proof) with frictionless commerce features (in-app shopping tools). Aligning these elements can help e-commerce firms convert engagement into measurable revenue while maintaining long-term customer loyalty.

II. CONCLUSIONS

Social media matters for e-commerce primarily by building consumer trust through high quality content, credible influencer signals, and visible social proof. Social commerce features act as conversion enablers. Firms that combine trust-building communication with low-friction purchasing functionality achieve better conversion.

III. REFERENCES

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